

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2019 and 2020

Unit : Millions of yen

	March 31, 2019	March 31, 2020
Assets		
Current assets		
Cash and deposits	5,475	6,400
Notes and accounts receivable-trade	8,418	7,532
Short-term investment securities	1,900	3,199
Merchandise and finished goods	2,179	2,266
Work in process	596	679
Raw materials and supplies	1,165	1,133
Other	309	231
Allowance for doubtful accounts	(0)	(3)
Total current assets	20,044	21,440
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,418	22,864
Accumulated depreciation and impairment loss	(16,244)	(16,258)
Buildings and structures, net	6,174	6,606
Machinery, equipment and vehicles	31,644	32,701
Accumulated depreciation and impairment loss	(27,848)	(28,918)
Machinery, equipment and vehicles, net	3,796	3,782
Land	7,969	7,969
Lease assets	111	185
Accumulated depreciation and impairment loss	(84)	(95)
Lease assets, net	27	90
Construction in progress	783	34
Other	2,956	3,113
Accumulated depreciation and impairment loss	(2,521)	(2,640)
Other, net	434	473
Total property, plant and equipment	19,185	18,956
Intangible assets		
Goodwill	629	481
Other	50	71
Total intangible assets	679	552
Investments and other assets		
Investment securities	9,655	8,185
Deferred tax assets	363	404
Other	1,196	1,162
Allowance for doubtful accounts	(76)	(75)
Total investments and other assets	11,139	9,677
Total non-current assets	31,004	29,185
Total assets	51,048	50,626

Unit : Millions of yen

	March 31, 2019	March 31, 2020
Liabilities		
Current liabilities		
Accounts payable-trade	3,915	3,603
Current portion of long-term loans payable	600	450
Accounts payable-other	1,485	1,610
Income taxes payable	98	295
Provision for bonuses	305	339
Other	123	114
Total current liabilities	<u>6,528</u>	<u>6,413</u>
Non-current liabilities		
Long-term loans payable	450	—
Deferred tax liabilities	96	100
Provision for environmental measures	7	7
Provision for assets removal	24	22
Retirement benefit liability	1,741	1,543
Other	454	518
Total non-current liabilities	<u>2,774</u>	<u>2,192</u>
Total liabilities	<u>9,302</u>	<u>8,605</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	14,118	14,934
Treasury shares	(5,474)	(5,975)
Total shareholders' equity	<u>39,334</u>	<u>39,649</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	915	554
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	86	217
Remeasurements of defined benefit plans	(53)	(2)
Total accumulated other comprehensive income	<u>948</u>	<u>769</u>
Non-controlling interests	1,463	1,601
Total net assets	<u>41,746</u>	<u>42,020</u>
Total liabilities and net assets	<u>51,048</u>	<u>50,626</u>

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the fiscal year ended March 31, 2019 and 2020

	Unit : Millions of yen	
	April 2018 - March 2019	April 2019 - March 2020
Net sales	27,636	26,983
Cost of sales	22,393	21,155
Gross profit	5,242	5,828
Selling, general and administrative expenses	3,627	3,891
Operating income	1,614	1,936
Non-operating income		
Interest income	58	56
Dividends income	134	137
Other	83	56
Total non-operating income	276	250
Non-operating expenses		
Interest expenses	4	2
Litigation expenses	36	20
Foreign exchange losses	—	14
Other	14	8
Total non-operating expenses	55	45
Ordinary income	1,836	2,141
Extraordinary income		
Reversal of provision for retirement benefits	—	131
Gain on sales of investment securities	1	37
Other	1	0
Total extraordinary income	3	168
Extraordinary loss		
Impairment loss	99	125
Loss on disposal of non-current assets	71	232
Other	0	1
Total extraordinary losses	170	359
Income before income taxes	1,668	1,950
Income taxes-current	384	440
Income taxes-deferred	8	24
Total income taxes	393	465
Profit	1,275	1,485
Profit attributable to non-controlling interests	98	115
Profit attributable to owners of parent	1,176	1,370

Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2019 and 2020

	Unit : Millions of yen	
	April 2018	April 2019
	- March 2019	- March 2020
Profit	1,275	1,485
Other comprehensive income		
Valuation difference on available-for-sale securities	(842)	(347)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(66)	221
Remeasurements of defined benefit plans, net of tax	(14)	50
Total other comprehensive income	(923)	(74)
Comprehensive income	351	1,410
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	277	1,191
Comprehensive income attributable to non-controlling interests	73	219

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2019

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,690	13,496	(5,463)	38,723
Changes of items during the period					
Dividends of surplus			(554)		(554)
Profit attributable to owners of parent			1,176		1,176
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		0		0	0
Total changes of items during the period	—	0	622	(10)	611
Balance at the end of the period	5,000	25,690	14,118	(5,474)	39,334

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	1,758	(0)	127	(39)	1,383
Changes of items during the period					
Net changes of items other than shareholders' equity	(842)	0	(41)	(14)	79
Total changes of items during the period	(842)	0	(41)	(14)	79
Balance at the end of the period	915	(0)	86	(53)	1,463

For the fiscal year ended March 31, 2020

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,690	14,118	(5,474)	39,334
Changes of items during the period					
Dividends from surplus			(554)		(554)
Profit attributable to owners of parent			1,370		1,370
Purchase of treasury shares				(501)	(501)
Total changes of items during the period	—	—	815	(501)	314
Balance at the end of the period	5,000	25,690	14,934	(5,975)	39,649

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	915	(0)	86	(53)	1,463
Changes of items during the period					
Net changes of items other than shareholders' equity	(360)	0	131	50	138
Total changes of items during the period	(360)	0	131	50	138
Balance at the end of the period	554	(0)	217	(2)	1,601

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2019 and 2020

Unit : Millions of yen

	April 2018 - March 2019	April 2019 - March 2020
Net cash provided by (used in) operating activities		
Income before income taxes	1,668	1,950
Depreciation	1,435	1,616
Impairment loss	99	125
Amortization of goodwill	111	148
Increase (decrease) in net defined benefit liability	36	(201)
Interest and dividends income	(193)	(194)
Interest expenses	4	2
Decrease (increase) in notes and accounts receivable-trade	(314)	949
Decrease (increase) in inventories	(57)	(116)
Increase (decrease) in notes and accounts payable - trade	(26)	(324)
Other, net	(77)	449
Subtotal	<u>2,685</u>	<u>4,405</u>
Interest and dividends income received	188	196
Interest expenses paid	(4)	(2)
Income taxes paid	(641)	(263)
Net cash provided by (used in) operating activities	<u>2,227</u>	<u>4,336</u>
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	3,500	200
Purchase of securities	(1,299)	(1,299)
Proceeds from redemption of securities	1,200	2,400
Purchase of property, plant and equipment	(2,566)	(1,490)
Purchase of investment securities	(905)	(1,103)
Proceeds from sales and redemption of investment securities	801	582
Payments for transfer of business	(987)	—
Other, net	3	(36)
Net cash provided by (used in) investing activities	<u>(254)</u>	<u>(748)</u>
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(600)	(600)
Proceeds from share issuance to non-controlling shareholders	84	—
Net decrease (increase) in treasury shares	(10)	(501)
Cash dividends paid	(552)	(553)
Dividends paid to non-controlling interests	(78)	(80)
Net cash provided by (used in) financing activities	<u>(1,157)</u>	<u>(1,735)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(33)</u>	<u>71</u>
Net increase (decrease) in cash and cash equivalents	<u>781</u>	<u>1,924</u>
Cash and cash equivalents at beginning of period	<u>4,778</u>	<u>5,560</u>
Cash and cash equivalents at end of period	<u>5,560</u>	<u>7,485</u>